



# Department of Justice

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## **DEPARTMENT OF JUSTICE FILES LAWSUIT TO BLOCK 3D SYSTEMS' PROPOSED ACQUISITION OF DTM CORPORATION**

### **Acquisition Would Substantially Lessen Competition in Rapid Prototyping Systems**

WASHINGTON, D.C. - The Department of Justice today filed a civil antitrust lawsuit to block 3D Systems Corporation's proposed \$45 million acquisition of DTM Corporation because the transaction would result in higher prices and less innovation for industrial rapid prototyping systems in the United States. Rapid prototyping (RP) is a process by which a machine transforms a computer design into three-dimensional objects, speeding the design process for everything from cellular phones to medical equipment.

The lawsuit, filed today in U.S. District Court in Washington, D.C., alleges 3D and DTM offer the most sophisticated systems in the industry and compete directly against each other in the development, manufacture and sale of industrial rapid prototyping systems and materials. This competition has been the driving force behind the development of innovative RP system technology, which has in turn enabled the industry to succeed in displacing older methods of creating prototypes, such as machining, milling or grinding, the Department said.

"This proposed acquisition would substantially lessen competition in the production and sale of industrial rapid prototyping systems in the U.S., resulting in higher prices, less innovation, and lower quality service for the companies and service bureaus that purchase the systems," said John M. Nannes, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "This is the classic kind of competitive problem that the merger laws were intended to prevent."

According to the complaint, the acquisition would combine the two largest manufacturers of RP systems in the United States, would reduce the number of competitors in the U.S. industrial RP systems market from three to two, and would result in the combined company having a U.S. market share, by revenue, of 80 percent.

Industrial machines are large, cost hundreds of thousands of dollars and are able to create functional prototypes, tooling inserts, and low volume production quantities of parts.

3D Systems Corporation is a Delaware corporation with its principal place of business in Valencia, California. 3D is a leading manufacturer and supplier of RP systems and related equipment, proprietary materials used in RP systems, and associated services. For the year ending December 31, 2000, 3D had worldwide sales of \$110 million, \$59 million of which came from the United States.

DTM is a Texas corporation with its principal place of business in Austin, Texas. DTM designs, manufactures, markets and supports, on an international basis, RP systems and related materials used in RP systems. For the year ending December 31, 2000, DTM had worldwide sales of \$40 million, \$19 million of which came from the United States.

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